FUND FACTSHEET – JULY 2020

All data expressed as at 30 June 2020
unless otherwise stated

RHB ASIA HIGH INCOME BOND FUND - AUD HEDGED CLASS

The Fund aims to provide capital appreciation over the medium to long-term^ by investing in one (1) target fund.

Note: ^"medium to long-term" in this context refers to a period of between 3 – 7 years.

INVESTMENT STRATEGY

- At least 95% of NAV: Investments in the USD denominated class AM2 units of the Target Fund;
- The balance of the NAV: Investments in liquid assets including money market instruments, deposits that are not embedded with or linked to financial derivative instruments (Deposits) and collective investment schemes investing in money market instruments and Deposits.

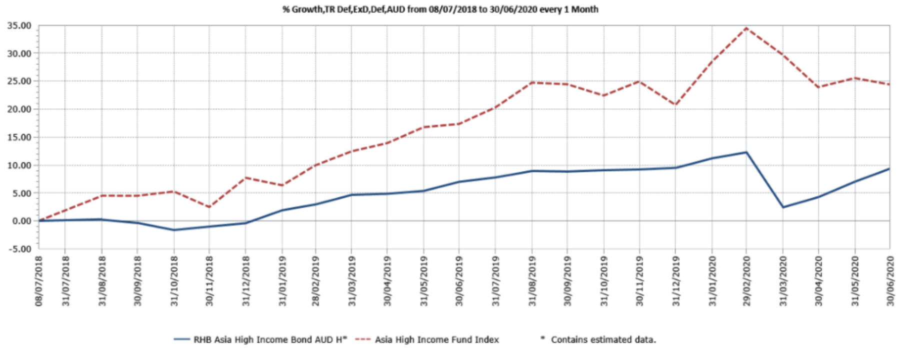
INVESTOR PROFILE

This Fund is suitable for:

- 'Sophisticated Investor(s)' as defined in the Information Memorandum.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	**2.19**	**6.78**	**-0.10**	**-0.10**
Benchmark	-0.91	-4.08	3.02	3.02

	1 Year	Since Launch
Fund	**2.23**	**9.42**
Benchmark	6.02	24.40

Calendar Year Performance (%)*

	2019
Fund	**9.92**
Benchmark	12.11

Source: Lipper IM

FUND DETAILS

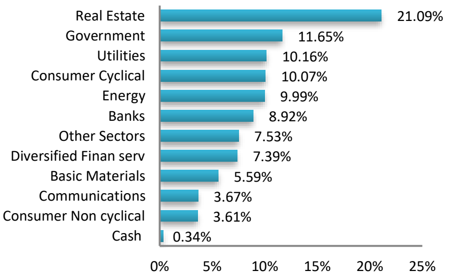
Manager	RHB Asset Management Sdn. Bhd.
Trustee	HSBC (M) Trustee Berhad
Fund Category	Feeder Fund
Fund Type	Growth Fund
Launch Date	18 June 2018
Base Currency	USD
Unit NAV	AUD 1.0638
Fund Size (million)	AUD 39.94
Units In Circulation (million)	37.54
Financial Year End	30 April
MER (as at 30 April 2020)	0.14%
Min. Initial Investment	AUD 1,000.00
Min. Additional Investment	AUD 500.00
Benchmark	65% J.P. Morgan Asia Credit Diversified Investment Grade Index + 35% J.P. Morgan Asia Credit Diversified Non-Investment Grade Index
Sales Charge	Up to 3.00% of investment amount*
Redemption Charge	None
Annual Management Fee	Up to 1.20% p.a. of NAV*
Annual Trustee Fee	0.06% p.a. of NAV*
Switching Fee	AUD10.00 per switch*
Distribution Policy	Incidental, if any

**All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.*

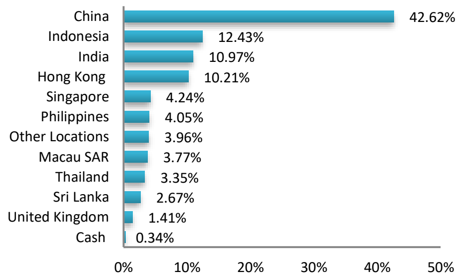
For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Characteristics	Fund
Number of Holdings ex Cash	302
Yield to Worst (Gross)	5.05
Yield to Maturity (Gross)	5.18
Rating Average	BBB-/BB+

**As percentage of NAV*

**Source: HSBC Global Asset Management, 30 June 2020. Exposure in HSBC Collective Investment Trust - HSBC Asia High Income Bond Fund - 95.73%*

FUND STATISTICS

Historical NAV (AUD)

	1 Month	12 Months	Since Launch
High	1.0675	1.1170	1.1170
Low	1.0405	0.9764	0.9764

Source: Lipper IM

Historical Distributions (Net)

	Distribution (sen)	Yield (%)
24 Apr 2020	1.3000	1.23
25 Feb 2020	0.8000	0.74
29 Oct 2019	0.9000	0.84

Source: RHB Asset Management Sdn. Bhd.

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MANAGER'S COMMENTS

MARKET REVIEW

Asian credit market wrapped up June with a positive return. During the month, US treasury curve was little changed as optimism from reopening of the economy and recovering economic activity were offset by fear for a second wave of infection. US treasury yields kicked off the month higher on the back of upside surprise from economic data release across labour market, PMI and retail sales, but the upward trajectory was later derailed by accelerating cases in the US. Meanwhile, the Fed decided to maintain the pace of asset purchases and start buying individual corporate bonds, and projected that interest rates would remain near zero through 2022, but the central bank was not prepared to take them into negative territory. US officials also signalled comfort to the short-term impact of rising debt levels and potential for more fiscal stimulus to support the economy, putting a floor to bond yields. Upbeat risk appetite and robust US treasury supply met with solid demand for US treasuries amid ample liquidity and supportive policies, keeping yields at a tight range for most of the month.

Investment grade bonds underperformed high yield bonds as credit spreads broadly narrowed, with high yield sovereign bonds leading the others. The primary market had a busiest month since the crisis spread in March on the back of globally low yields and ample liquidity, with solid supply from investment grade issuers and large pick up from high yield issuers. Meanwhile, demand for Asian credit remained largely intact with solid fund flows coming from financial institutions and private banks. In the investment grade space, the Thai bonds outperformed the others, led by sharp spread compression from oil & gas and utilities sectors. Elsewhere, Hong Kong consumer and Macau gaming names were also well supported on solid recovery from China. Conversely, the Philippines sovereign bonds trailed the others despite a surprised rate cut from BSP over the month. In the high yield space, sovereign bonds from Sri Lanka and Pakistan soared as investors chased for previously sold off names. Similarly, Indian bonds were also broadly sought after despite the already priced in outlook downgrades that took place over the month. Meanwhile, cyclical names such as those from metals and mining and oil & gas also fared well on improved economic data and idiosyncratic reasons. On the other hand, Indonesia property sector lagged the others due to a credit event.

PORTFOLIO STRATEGY

The Target Fund returned positively in June amid buoyant market sentiment. On a relative basis, the Target Fund benefited from its overweight positions in the China property and India investment grade corporate sectors. Credit selection in the Hong Kong property, India high yield corporate and China high yield industrials sectors also proved rewarding. Conversely, the Target Fund's exposure to Sri Lanka sovereign bonds weighed on relative returns. Credit selection in the Indonesia quasi sovereign and corporate sectors also detracted. In terms of overall portfolio allocation, the Target Fund Manager continues to overweight the Chinese property sector, although more on an individual bond selection basis. The Target Fund Manager expects to see greater divergence in credit quality within the sector against the current uncertain macro backdrop. The Target Fund Manager is also overweight the China financial sector, favouring mostly investment grade-rated asset management companies. At the same time, the Target Fund Manager continues to overweigh the utilities sector, particularly names from Indonesia, China and India given their defensive nature and solid fundamentals. On the other hand, the Target Fund Manager remains underweight markets such as Korea, Hong Kong and Philippines, where the Target Fund Manager finds valuations unattractive. Similarly, the Target Fund Manager is also underweight sovereign and quasi sovereign bonds. The Target Fund Manager retains their overweight duration exposure and will continue to actively manage the Target Fund's duration exposure in the current volatile market environment.

MARKET OUTLOOK

Like all global credit markets, Asian bonds suffered significant and alarming drawdowns in the first weeks of March as the full extent of the COVID-19 pandemic became clear. But the bounce back has been equally remarkable, as abundant central bank and government support has led to a sharp recovery in risk markets and restored investor confidence.

While issues related to the pandemic and its market impact are immediate and important issues, the Target Fund Manager should also keep in mind the longer term prospects for fixed income returns. The Target Fund Manager believes the enduring investment thesis for diversifying into Asian credit remains fully intact. First, and most obviously, Asian credit (particularly high yield) tends to carry higher yields than other markets while also having lower average duration. If the Target Fund Manager considers the lower default expectation for Asia relative to the US and most other emerging markets, this seems particularly valuable.

Second, Asian credit tends to have a low weighting in global portfolios compared to Asia's scale and importance in the global economy. This is probably because Asian exposure only represents a small proportion of global bond indices and most of the biggest institutional investors in the world are based in US or Europe and tend to adopt a home bias, with many even having a zero exposure to Asia in their global credit strategies. The low participation of global investors is particularly notable given the far better economic performance of Asia than any other major region in the recent past, the good historical performance of the Asia credit market and its low correlation to other global credit markets.

Put simply, an allocation to Asian credit has the potential to increase the yield of a global portfolio, reduce the default risk and also inject valuable bottom up credit, geographic and beta diversification. The Target Fund Manager believes that this will improve the risk adjusted return characteristics of a portfolio over time.